

UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF PUERTO RICO

UNITED STATES OF AMERICA,

v.

JULIA BEATRICE KELEHER,
Defendant.

INFORMATION

.CRIMINAL NO. 21-202-01(FAB)

VIOLATIONS:
18 U.S.C. § 371

RECEIVED AND FILED
JUNE 8, 2021 AT 10:00 a.m.
OFM

TWO COUNTS

THE UNITED STATES ATTORNEY CHARGES:

GENERAL ALLEGATIONS

At all times material to this Information:

1. The Commonwealth of Puerto Rico was a self-governing territory of the United States of America.
2. The Puerto Rico Department of Education (hereafter, the “PRDE”) was organized under Article IV, Section 6 of the Constitution of the Commonwealth of Puerto Rico. The PRDE was responsible for the planning and administration of all public elementary, secondary, and some post-secondary education throughout Puerto Rico. The PRDE is considered a State educational agency and local educational agency for purposes of administering federal financial assistance programs.
3. JULIA BEATRICE KELEHER was the Secretary of Education from in or about January 2017 until on or about April 1, 2019. As the Secretary of Education, JULIA BEATRICE KELEHER was responsible for the management and oversight of the PRDE. By virtue of her position, JULIA BEATRICE KELEHER was required to make decisions in the best interest of the people residing in the Commonwealth of Puerto Rico without regard to her own personal gain, or that of her friends.

4. The PRDE received federal benefits through various financial assistance programs funded by the United States Department of Education (hereafter, the “USDE”). The value of the federal benefits the PRDE received from the USDE exceeded \$10,000 during the twelve months preceding December 31, 2018, and during the twelve months following December 31, 2018.

5. Colón & Ponce, Inc. (“Colón & Ponce”), was a corporation organized under the laws of the Commonwealth of Puerto Rico. Mayra Ponce, not charged herein, was one of the two partners of Colón & Ponce.

6. The *Escuela Especializada Bilingüe Padre Rufo* (hereafter the “Padre Rufo School”) was a public school located in Santurce, Puerto Rico. The Padre Rufo School operated under the auspices of the PRDE.

7. The Ciudadela housing complex (hereafter “Ciudadela”) was a luxury housing complex adjacent to the Padre Rufo School in Santurce, Puerto Rico. Company A was a for-profit corporation incorporated under the laws of the Commonwealth of Puerto Rico. Company A was in the business of buying, selling, dealing, renting, and managing real estate.

8. Company B was a for-profit consulting corporation incorporated under the laws of the Commonwealth of Puerto Rico, and mainly operated out of the same office space as Company A. The president of Company B was the same individual who served as the president of Company A. Company C was a limited liability company organized under the laws of the State of Delaware which was duly authorized to do business in the Commonwealth of Puerto Rico as of August 20, 2012. Company C owned Ciudadela, which it purchased for approximately \$120,000,000.

9. In or about May 2018, JULIA BEATRICE KELEHER signed a lease with a promise to purchase agreement for a two-bedroom apartment in Ciudadela. The agreement allowed her to occupy the apartment until no later than August 15, 2018, for the nominal amount of \$1.00,

although the agreement valued the monthly rental price at \$1,500. Under the terms of the agreement, JULIA BEATRICE KELEHER was to purchase the apartment for \$297,500 and receive an incentive bonus of \$12,000 in connection with said purchase. Although the agreement expired on August 15, 2018, JULIA BEATRICE KELEHER remained living in the apartment until actually purchasing it on or about December 4, 2018. That is, JULIA BEATRICE KELEHER was allowed to occupy the apartment from June 7, 2018 until December 4, 2018 for the nominal amount of \$1.00.

COUNT ONE
 Conspiracy to Commit Wire Fraud
 (18 U.S.C. § 371))

10. Paragraphs 1, 2, 3, 4, and 5 of the General Allegations are hereby re-alleged and incorporated by reference as though fully set forth herein.

11. On June 8, 2017, PRDE entered into a professional services contract (2017-AF0220) with COLÓN & PONCE (referred to as the “Second Party” in the contract), to provide certain services. The contract allowed Colón & Ponce to invoice a total of \$43,500.00 and had a duration of up to December 31, 2017. It contained the following provision at paragraph 24:

<i>Original Spanish language</i>	<i>English translation</i>
“La Segunda Parte no podrá subcontratar, ceder ni traspasar los servicios objeto de este contrato. La Segunda Parte será responsable de la contratación y/o reclutamiento del personal que ofrecerá los servicios y actividades estipulados en la cláusula TERCERA de este Contrato. ...”	“The Second Party may not subcontract, give or transfer the services object of this contract. The Second Party will be responsible for the hiring and/or recruitment of the personnel that will offer the services and activities stipulated in the THIRD clause of this Contract”

12. Individual B had been a gubernatorial candidate in the Puerto Rico General Elections of 2016, and Individual C was Individual B’s campaign manager. On July 5, 2017, Individual B e-mailed JULIA BEATRICE KELEHER and recommended that she hire Individual C to work at

PRDE. In August 2017, Individual C began working at PRDE without being an employee or contractor of PRDE.

13. Sometime before October 25, 2017, JULIA BEATRICE KELEHER informed Individual C that Individual C would be working through COLÓN & PONCE, a company of which Individual C had never heard.

14. On October 25, 2017, PRDE entered into an amended contract with COLÓN & PONCE. The amended contract increased the maximum value of the contract from \$43,550.00, to \$93,550.00, with a duration until December 31, 2017. The amended contract left unaffected Clause 24 of the original contract, which prohibited COLÓN & PONCE from subcontracting services under the contract.

15. On October 25, 2017, after PRDE and COLÓN & PONCE signed the abovementioned contract amendment, Individual C signed a contractor agreement with COLÓN & PONCE under which Individual C would provide services to COLÓN & PONCE at a rate of \$40.00 per hour.

16. After October 25, 2017, COLÓN & PONCE submitted invoices to PRDE for services performed under its contract with PRDE. The invoices included subcontractor services performed by Individual C, in violation of PRDE's contract with COLÓN & PONCE.

17. Sometime in December 2017, Individual C was informed by JULIA BEATRICE KELEHER that BDO would pay for her professional services from January 2018 onwards.

18. On December 28, 2017, Individual C signed an independent contractor agreement with BDO, at a rate of \$40 per hour and with a starting date of January 2, 2018.

19. From January 2018 to July 2018, BDO submitted invoices to PRDE for services performed under its contract with PRDE, including subcontractor services performed by Individual C, charging for such services as if Individual C was a Senior Associate or Manager of BDO.

20. From in or about October 2017 to in or about July 2018, JULIA BEATRICE KELEHER and others not charged in this information, schemed to defraud and deprive PRDE of its moneys in connection with PRDE contracts for professional services with COLÓN & PONCE and BDO, in that JULIA BEATRICE KELEHER, knowing that said contracts prohibited these entities from subcontracting its services, caused COLÓN & PONCE and BDO to subcontract such services to Individual C, while concealing this fact in their invoices to PRDE, causing PRDE to pay for said services.

21. On or about each of the dates set forth below, in the District of Puerto Rico, the defendant,

JULIA BEATRICE KELEHER,

having devised a scheme to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme, as follows:

INTENTIONALLY LEFT BLANK

Date	Description of E-mails and Attachments
12/22/2017	E-mail from Individual C to Mayra Ponce, in which Individual C asks Ponce for payment for her services from August until December 2017, under PRDE's contract with Colón & Ponce.
12/26/2017	E-mail from Mayra Ponce to Individual C, where Ponce explains that Colón & Ponce's contract with Individual C started on October 25, 2017, the same date that the contract amendment between Colón & Ponce and PRDE was effective, and thus Colón & Ponce would pay Individual C only for her services from October 2017 onwards.
02/28/2018	E-mail from a BDO Internal Accountant to Individual C, informing that the monthly contractor payroll at BDO is paid every 15th day and that when the check is ready, the Internal Accountant sends an e-mail notifying that the check can be picked up in BDO's reception area or sent by mail.
03/02/2018	E-mail from a BDO Internal Accountant to Individual C, informing of the availability of Individual C's January 2018 check.
03/15/2018	E-mail from a BDO Internal Accountant to Individual C and other contractors, informing of the availability of the February 2018 checks.
04/13/2018	E-mail from a BDO Internal Accountant to Individual C and other contractors, informing of the availability of the March 2018 checks.
05/15/2018	E-mail from a BDO Internal Accountant to Individual C and other contractors, informing of the availability of the April 2018 checks.

22. From in or about October 2017 through in or about July 2018, in the District of Puerto Rico, and elsewhere, the defendant,

JULIA BEATRICE KELEHER,

and other persons, knowingly and willfully conspired with each other to commit an offense against the United States, that is, wire fraud, contrary to 18 U.S.C. § 1343. All in violation of 18 U.S.C. § 371.

COUNT TWO
 Conspiracy to Commit Honest Services Wire Fraud
 (18 U.S.C. § 371))

23. Paragraphs 1, 2, 3, 4, 5, 6, 7, 8, and 9 of the General Allegations are hereby re-alleged and incorporated by reference as though fully set forth herein.

24. From in or about May 2018 until in or about April 2019, in the District of Puerto Rico and elsewhere within the jurisdiction of this Court, the defendant,

JULIA BEATRICE KELEHER,

did knowingly conspire with other persons to devise a scheme and artifice to defraud the people residing in the Commonwealth of Puerto Rico of their right to her honest and faithful services as the Secretary of Education, and to transmit, and cause to be transmitted by means of wire, writings, signals, and sounds in interstate and foreign commerce for the purpose of executing the scheme and artifice to defraud, contrary to 18 U.S.C. §§ 1343 and 1346.

Purpose of the Conspiracy

25. It was a purpose of the conspiracy for JULIA BEATRICE KELEHER to use her official position as the Secretary of Education to obtain gifts, payments, and things of value from others, in exchange for signing a letter purporting to cede 1,034 square feet of the Padre Rufo School to Company C.

Manner and Means of the Conspiracy

26. It was part of the conspiracy that co-conspirators facilitated Company C's offer of a lease agreement to JULIA BEATRICE KELEHER, under which terms JULIA BEATRICE KELEHER was allowed to rent an apartment within Ciudadela from in or about May 2018 until in or about December 2018 for the nominal amount of \$1.00.

27. It was further part of the conspiracy that in or about May 2018, other persons, Company A, Company B, and Company C, agreed to give JULIA BEATRICE KELEHER a \$12,000.00 incentive bonus in connection with her purchase of an apartment in Ciudadela.

28. It was further part of the conspiracy that JULIA BEATRICE KELEHER and co-conspirators would and did misrepresent, conceal, hide, and cause to be misrepresented, concealed, and hidden acts done in furtherance of the conspiracy, including JULIA BEATRICE KELEHER's receipt of bribes and financial benefits from others.

Overt Acts

29. In furtherance of the conspiracy, and to achieve its purpose, JULIA BEATRICE KELEHER and co-conspirators committed overt acts including, but not limited to, the following:

30. Between in or about May 2018 and in or about June 2018, a co-conspirator caused to be delivered to a PRDE employee who worked at the Padre Rufo School a letter signed by Individual A requesting authorization for Company C to acquire 1,034 square feet of the Padre Rufo School. The letter was dated May 30, 2018.

31. Between in or about May 2018 and in or about June 2018, a co-conspirator delivered to a PRDE employee who worked at the Padre Rufo School the draft text of a letter addressed to JULIA BEATRICE KELEHER providing that PRDE employee's assent to ceding 1,034 square feet of the Padre Rufo school to Company C. This PRDE employee signed the letter, dated June 8, 2018.

32. On or about July 17, 2018, a co-conspirator sent via email the draft text of a letter addressed to the president of Company C from JULIA BEATRICE KELEHER purporting to cede 1,034 square feet of the Padre Rufo School to Company C by authorizing Company C "to proceed with the construction." JULIA BEATRICE KELEHER caused the text to be placed on PRDE letterhead largely as drafted by the co-conspirator and affixed her signature.

33. For the purpose of executing and attempting to execute the scheme and artifice to defraud, JULIA BEATRICE KELEHER and her co-conspirators did cause to be transmitted by means of wire communications in interstate and foreign commerce, writings, signals, and sounds as described below:

Date (on or about)	Interstate Wire
May 31, 2018	Email from JULIA BEATRICE KELEHER to employee of Company A confirming whether she would receive \$12,000.00 bonus in connection with her purchase of apartment in Ciudadela.
June 22, 2018	Email from co-conspirator to JULIA BEATRICE KELEHER regarding Company C's request to acquire land of the Padre Rufo School.
June 23, 2018	Email from JULIA BEATRICE KELEHER to JULIA BEATRICE KELEHER forwarding documents pertaining to Company C's request to acquire land from the Padre Rufo School.
July 17, 2018	Email from co-conspirator to JULIA BEATRICE KELEHER attaching documents relating to Company C's acquisition of 1,034 square feet of Padre Rufo School.
July 17, 2018	Email from JULIA BEATRICE KELEHER to PRDE employee attaching documents relating to Company C's acquisition of 1,034 square feet of Padre Rufo School.
August 20, 2018	Email from a co-conspirator to JULIA BEATRICE KELEHER offering assistance in obtaining a bank loan.

All contrary to 18 U.S.C. § 1343, in violation of 18 U.S.C. § 371.

W. STEPHEN MULDROW
UNITED STATES ATTORNEY

Date: 5/21/2021

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Seth A. Erbe
Chief, Financial Crimes and Public Corruption Unit

Alexander L. Alum
Assistant United States Attorney

For José A. Ruiz-Santiago
Assistant United States Attorney